

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS SEPTEMBER 30, 2000

	GOVERNMENTAL FUND TYPES		
<u>ASSETS AND OTHER DEBITS</u>	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>
Cash and Investments	\$44,405,797	\$82,970,349	\$191,301,094
Accounts Receivable	542,034	1,016,271	1,345,356
Due From Other Governments	820,513	3,733,561	5,051,171
Due From Other Funds	405,478	1,402,825	-
Inventory	19,204	643,334	-
Other Assets	41,600	68,900	1,000,175
Fixed Assets	-	-	-
Amount to be Provided for Retirement of Long-Term Liabilities	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$46,234,626	\$89,835,240	\$198,697,796
 <u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$9,757,220	\$7,651,265	\$9,610,556
Due To Other Governments	-	-	607,043
Due To Other Funds	-	1,808,303	-
Deferred Revenue	3,078	2,489,259	31,731,895
Compensated Absences Payable	-	-	-
Self Insurance Claims	-	-	-
Capital Leases	-	-	-
Other Claims	-	-	-
Bank Loans Payable	-	-	-
Bonds Payable	-	-	-
TOTAL LIABILITIES	9,760,298	11,948,827	41,949,494
 <u>FUND EQUITY AND OTHER CREDITS</u>			
Fund Balance - Reserved	10,549,806	44,495,134	106,020,049
Fund Balance - Unreserved			
Designated	19,994,756	23,266,840	65,237,056
Undesignated	5,929,766	10,124,439	(14,508,803)
Total Fund Balance	36,474,328	77,886,413	156,748,302
Retained Earnings	-	-	-
Investment in General Fixed Assets	-	-	-
TOTAL FUND EQUITY AND OTHER CREDITS	36,474,328	77,886,413	156,748,302
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$46,234,626	\$89,835,240	\$198,697,796

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)	
INTERNAL SERVICE	NONEXPENDABLE TRUST	FIXED ASSETS	LONG-TERM LIABILITIES	2000	1999
\$6,259,508	\$4,408,924	\$ -	\$ -	\$329,345,672	\$268,164,521
61,779	72,856	-	-	3,038,296	4,407,917
-	5,835	-	-	9,611,080	3,579,579
-	-	-	-	1,808,303	274,509
-	-	-	-	662,538	628,970
215,619	-	-	-	1,326,294	1,681,708
-	-	1,561,248,992	-	1,561,248,992	1,498,082,110
-	-	-	123,839,920	123,839,920	131,295,539
<u>\$6,536,906</u>	<u>\$4,487,615</u>	<u>\$1,561,248,992</u>	<u>\$123,839,920</u>	<u>\$2,030,881,095</u>	<u>\$1,908,114,853</u>
\$36,857	\$ -	\$ -	\$ -	\$27,055,898	\$43,416,266
-	-	-	-	607,043	-
-	-	-	-	1,808,303	274,509
-	-	-	-	34,224,232	2,199,828
119,000	-	-	13,330,000	13,449,000	12,885,000
5,285,547	-	-	-	5,285,547	4,601,644
-	-	-	4,520,677	4,520,677	4,633,302
-	-	-	4,105,000	4,105,000	16,139,000
-	-	-	25,824,243	25,824,243	17,873,237
-	-	-	76,060,000	76,060,000	79,880,000
<u>5,441,404</u>	<u>-</u>	<u>-</u>	<u>123,839,920</u>	<u>192,939,943</u>	<u>181,902,786</u>
-	4,285,798	-	-	165,350,787	100,198,955
-	-	-	-	108,498,652	64,350,730
-	201,817	-	-	1,747,219	62,502,033
-	4,487,615	-	-	275,596,658	227,051,718
1,095,502	-	-	-	1,095,502	1,078,239
-	-	1,561,248,992	-	1,561,248,992	1,498,082,110
<u>1,095,502</u>	<u>4,487,615</u>	<u>1,561,248,992</u>	<u>-</u>	<u>1,837,941,152</u>	<u>1,726,212,067</u>
<u>\$6,536,906</u>	<u>\$4,487,615</u>	<u>\$1,561,248,992</u>	<u>\$123,839,920</u>	<u>\$2,030,881,095</u>	<u>\$1,908,114,853</u>

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED SEPTEMBER 30, 2000

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>
REVENUES			
Property Taxes	\$93,043,853	\$101,716,111	\$43,122,556
Intergovernmental	2,317,115	17,328,523	89,462,405
Interest	3,850,565	6,738,060	6,880,274
Net Increase (Decrease) in the Fair Value of Investments	(524,825)	(761,004)	1,818,271
Licenses, Permits and Fees	3,800,171	1,083,319	7,259,489
Other	949,015	1,023,677	6,799,137
	<u>103,435,894</u>	<u>127,128,686</u>	<u>155,342,132</u>
Total Revenues			
EXPENDITURES			
Current Operating			
General Government	6,997,268	2,581,014	898,274
Government Affairs, Communications and Branch Offices	7,628,584	17,096,650	223,658
Water Resource Management	26,891,871	30,852,279	40,469,125
Water Resource Operations	4,639,431	57,906,996	206,709
Corporate Resources	40,827,317	4,280,811	421,800
Capital Outlay	-	-	99,605,065
Debt Service			
Principal Retirement	-	-	3,820,000
Interest and Other Fiscal Charges	-	-	4,032,838
	<u>86,984,471</u>	<u>112,717,750</u>	<u>149,677,469</u>
Total Expenditures			
Revenues In Excess of (Less Than) Expenditures	<u>16,451,423</u>	<u>14,410,936</u>	<u>5,664,663</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	119,524	21,971,561	38,392,487
Operating Transfers Out	(11,688,273)	(44,387,421)	(4,190,931)
Capital Lease Proceeds	711,865	623,575	-
Bank Loan Proceeds	-	-	10,000,000
	<u>(10,856,884)</u>	<u>(21,792,285)</u>	<u>44,201,556</u>
Total Other Financing Sources (Uses)			
Revenues and Other Financing Sources (Uses)			
In Excess of (Less Than) Expenditures	5,594,539	(7,381,349)	49,866,219
FUND BALANCE AT BEGINNING OF YEAR	30,879,789	85,267,762	106,882,083
EQUITY TRANSFER	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>\$36,474,328</u></u>	<u><u>\$77,886,413</u></u>	<u><u>\$156,748,302</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

TOTAL (MEMORANDUM ONLY)	
2000	1999
\$237,882,520	\$221,882,734
109,108,043	179,624,643
17,468,899	18,094,031
532,442	(6,593,761)
12,142,979	6,109,804
8,771,829	4,456,624
<u>385,906,712</u>	<u>423,574,075</u>
10,476,556	12,938,374
24,948,892	20,257,221
98,213,275	81,145,676
62,753,136	57,768,142
45,529,928	43,527,769
99,605,065	334,024,047
3,820,000	3,665,000
4,032,838	4,191,315
<u>349,379,690</u>	<u>557,517,544</u>
<u>36,527,022</u>	<u>(133,943,469)</u>
60,483,572	45,838,680
(60,266,625)	(45,838,680)
1,335,440	2,156,814
10,000,000	15,036,499
<u>11,552,387</u>	<u>17,193,313</u>
48,079,409	(116,750,156)
223,029,634	343,119,860
-	(3,340,070)
<u>\$271,109,043</u>	<u>\$223,029,634</u>

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2000

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES			
Property Taxes	\$92,007,009	\$93,043,853	\$1,036,844
Intergovernmental	774,524	2,317,115	1,542,591
Interest	2,782,000	3,850,565	1,068,565
Net Increase (Decrease) in the Fair Value of Investments	-	(524,825)	(524,825)
Licenses, Permits and Fees	4,039,750	3,800,171	(239,579)
Other	106,700	949,015	842,315
Total Revenues	99,709,983	103,435,894	3,725,911
EXPENDITURES			
Current Operating			
General Government	7,667,338	6,997,268	670,070
Government Affairs, Communications and Branch Offices	10,433,017	7,628,584	2,804,433
Water Resource Management	30,336,202	26,891,871	3,444,331
Water Resource Operations	6,198,698	4,639,431	1,559,267
Corporate Resources	46,200,521	40,827,317	5,373,204
Capital Outlay	-	-	-
Debt Service			
Principal Retirement	-	-	-
Interest and Other Fiscal Charges	-	-	-
Contingency	2,737,386	-	2,737,386
Total Expenditures	103,573,162	86,984,471	16,588,691
Revenues in Excess of (Less Than) Expenditures	(3,863,179)	16,451,423	20,314,602
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	150,000	119,524	(30,476)
Operating Transfers Out	(13,635,581)	(11,688,273)	1,947,308
Capital Lease Proceeds	225,000	711,865	486,865
Bank Loan Proceeds	-	-	-
Total Other Financing Sources (Uses)	(13,260,581)	(10,856,884)	2,403,697
Revenues and Other Financing Sources (Uses) In Excess of (Less Than) Expenditures	(17,123,760)	5,594,539	22,718,299
FUND BALANCE AT BEGINNING OF YEAR	30,879,789	30,879,789	-
FUND BALANCE AT END OF YEAR	\$13,756,029	\$36,474,328	\$22,718,299

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

SPECIAL REVENUE FUND			CAPITAL PROJECTS FUND		
BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
\$100,653,455	\$101,716,111	\$1,062,656	\$42,681,203	\$43,122,556	\$441,353
20,695,334	17,328,523	(3,366,811)	124,580,905	89,462,405	(35,118,500)
5,583,521	6,738,060	1,154,539	2,672,440	6,880,274	4,207,834
-	(761,004)	(761,004)	-	1,818,271	1,818,271
4,326,000	1,083,319	(3,242,681)	-	7,259,489	7,259,489
1,540,205	1,023,677	(516,528)	1,184,772	6,799,137	5,614,365
132,798,515	127,128,686	(5,669,829)	171,119,320	155,342,132	(15,777,188)
2,973,745	2,581,014	392,731	2,631,655	898,274	1,733,381
35,997,165	17,096,650	18,900,515	1,548,093	223,658	1,324,435
52,668,264	30,852,279	21,815,985	55,559,056	40,469,125	15,089,931
68,780,754	57,906,996	10,873,758	436,151	206,709	229,442
6,364,827	4,280,811	2,084,016	996,594	421,800	574,794
-	-	-	217,445,674	99,605,065	117,840,609
-	-	-	3,820,000	3,820,000	-
-	-	-	4,032,839	4,032,838	1
8,080,625	-	8,080,625	33,652,126	-	33,652,126
174,865,380	112,717,750	62,147,630	320,122,188	149,677,469	170,444,719
(42,066,865)	14,410,936	56,477,801	(149,002,868)	5,664,663	154,667,531
25,462,151	21,971,561	(3,490,590)	39,544,486	38,392,487	(1,151,999)
(45,192,558)	(44,387,421)	805,137	(5,046,638)	(4,190,931)	855,707
1,121,350	623,575	(497,775)	-	-	-
-	-	-	11,250,000	10,000,000	(1,250,000)
(18,609,057)	(21,792,285)	(3,183,228)	45,747,848	44,201,556	(1,546,292)
(60,675,922)	(7,381,349)	53,294,573	(103,255,020)	49,866,219	153,121,239
85,267,762	85,267,762	-	106,882,083	106,882,083	-
\$24,591,840	\$77,886,413	\$53,294,573	\$3,627,063	\$156,748,302	\$153,121,239

Continued

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED SEPTEMBER 30, 2000

	TOTAL (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES			
Property Taxes	\$235,341,667	\$237,882,520	\$2,540,853
Intergovernmental	146,050,763	109,108,043	(36,942,720)
Interest	11,037,961	17,468,899	6,430,938
Net Increase (Decrease) in the Fair Value of Investments	-	532,442	532,442
Licenses, Permits and Fees	8,365,750	12,142,979	3,777,229
Other	2,831,677	8,771,829	5,940,152
Total Revenues	<u>403,627,818</u>	<u>385,906,712</u>	<u>(17,721,106)</u>
EXPENDITURES			
Current Operating			
General Government	13,272,738	10,476,556	2,796,182
Government Affairs, Communications and Branch Offices	47,978,275	24,948,892	23,029,383
Water Resource Management	138,563,522	98,213,275	40,350,247
Water Resource Operations	75,415,603	62,753,136	12,662,467
Corporate Resources	53,561,942	45,529,928	8,032,014
Capital Outlay	217,445,674	99,605,065	117,840,609
Debt Service			
Principal Retirement	3,820,000	3,820,000	-
Interest and Other Fiscal Charges	4,032,839	4,032,838	1
Contingency	44,470,137	-	44,470,137
Total Expenditures	<u>598,560,730</u>	<u>349,379,690</u>	<u>249,181,040</u>
Revenues in Excess of (Less Than) Expenditures	<u>(194,932,912)</u>	<u>36,527,022</u>	<u>231,459,934</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	65,156,637	60,483,572	(4,673,065)
Operating Transfers Out	(63,874,777)	(60,266,625)	3,608,152
Capital Lease Proceeds	1,346,350	1,335,440	(10,910)
Bank Loan Proceeds	11,250,000	10,000,000	(1,250,000)
Total Other Financing Sources (Uses)	<u>13,878,210</u>	<u>11,552,387</u>	<u>(2,325,823)</u>
Revenues and Other Financing Sources (Uses) In Excess of (Less Than) Expenditures	<u>(181,054,702)</u>	<u>48,079,409</u>	<u>229,134,111</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>223,029,634</u>	<u>223,029,634</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>\$41,974,932</u></u>	<u><u>\$271,109,043</u></u>	<u><u>\$229,134,111</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2000
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1999

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	INTERNAL SERVICE	NONEXPENDABLE TRUST	2000	1999
OPERATING REVENUES				
Charges for Services	\$2,519,936	\$ -	\$2,519,936	\$2,320,285
Insurance Settlement	47,826	-	47,826	-
Permit Fees	-	446,177	446,177	535,217
Total Operating Revenues	2,567,762	446,177	3,013,939	2,855,502
OPERATING EXPENSES				
Claims Expense	1,605,151	-	1,605,151	2,140,396
Premiums Expense	257,139	-	257,139	212,988
Personal Services	630,189	-	630,189	518,851
Contractual Services	136,382	-	136,382	154,948
Current Charges	18,139	-	18,139	26,052
District Indirect Costs	326,282	-	326,282	326,282
Total Operating Expenses	2,973,282	-	2,973,282	3,379,517
Operating Income (Loss)	(405,520)	446,177	40,657	(524,015)
OTHER REVENUES				
Interest	403,150	237,152	640,302	583,567
Net Increase (Decrease) in the Fair Value of Investments	19,633	(851)	18,782	(212,906)
Total Other Revenues	422,783	236,301	659,084	370,661
NET INCOME (LOSS)	17,263	682,478	699,741	(153,354)
OTHER SOURCES (USES)				
Transfer Out	-	(216,947)	(216,947)	-
RETAINED EARNINGS/FUND BALANCES AT BEGINNING OF YEAR				
	1,078,239	4,022,084	5,100,323	1,913,607
EQUITY TRANSFER				
	-	-	-	3,340,070
RETAINED EARNINGS/FUND BALANCE AT END OF YEAR				
	\$1,095,502	\$4,487,615	\$5,583,117	\$5,100,323

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2000
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1999

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	INTERNAL SERVICE	NONEXPENDABLE TRUST	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Other Funds for Insurance Services	\$2,519,936	\$ -	\$2,519,936	\$2,320,285
Cash Received from Permit Fees	-	535,985	535,985	495,082
Cash Payments to Vendors for Goods and Services	(1,363,974)	-	(1,363,974)	(1,442,203)
Cash Payments to Employees for Services	(626,189)	-	(626,189)	(490,851)
Cash Payments to Other Funds for Administrative Services	(326,282)	-	(326,282)	(326,282)
Cash from Insurance Settlement	47,826	-	47,826	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	251,317	535,985	787,302	556,031
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Equity Transfer from the Special Revenue Fund - Wetlands Mitigation	-	-	-	3,190,064
Operating Transfer to the Special Revenue Fund - Wetlands Mitigation	-	(216,947)	(216,947)	-
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	-	(216,947)	(216,947)	3,190,064
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Pooled Investments	435,138	258,794	693,932	583,567
Net Increase (Decrease) in the Fair Value of Investment	19,633	(851)	18,782	(212,906)
NET CASH PROVIDED BY INVESTING ACTIVITIES	454,771	257,943	712,714	370,661
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,553,420	3,831,943	9,385,363	5,268,607
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$6,259,508	\$4,408,924	\$10,668,432	\$9,385,363

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2000
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1999

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
 PROVIDED BY OPERATING ACTIVITIES

	<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>	<u>TOTALS (MEMORANDUM ONLY)</u>	
	<u>INTERNAL SERVICE</u>	<u>NONEXPENDABLE TRUST</u>	<u>2000</u>	<u>1999</u>
OPERATING INCOME (LOSS)	<u>(\$405,520)</u>	<u>\$446,177</u>	<u>\$40,657</u>	<u>(\$524,015)</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Decrease in Accounts Receivable	-	89,808	89,808	(62,737)
Increase in Other Assets	(41,059)	-	(41,059)	(5,021)
Increase (Decrease) in Accounts Payable	9,993	-	9,993	5,650
Increase in Compensated Absences Payable	4,000	-	4,000	28,000
Increase in Liability for Insurance Reserve	<u>683,903</u>	<u>-</u>	<u>683,903</u>	<u>1,114,154</u>
TOTAL ADJUSTMENTS	<u>656,837</u>	<u>89,808</u>	<u>746,645</u>	<u>1,080,046</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$251,317</u></u>	<u><u>\$535,985</u></u>	<u><u>\$787,302</u></u>	<u><u>\$556,031</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000**

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SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

(1) DESCRIPTION OF THE SOUTH FLORIDA WATER MANAGEMENT DISTRICT

The South Florida Water Management District (the District) is a public corporation organized under Florida Statutes, Chapter 373, and is controlled by a Governing Board consisting of nine members appointed by the Governor to staggered four-year terms. The District is financially independent as evidenced by the authority to make and approve its own budget, the power to tax, the authority to buy and sell property, and the authority to incur debt.

The District covers all or parts of sixteen counties in central and southern Florida. The primary objectives of the District are to promote the natural systems protection and restoration, development and proper utilization of surface and ground water within District boundaries and to prevent damage from floods, soil erosion and excessive drainage. To accomplish these objectives, the District is empowered to manage and regulate the usage and storage of water within District boundaries and to acquire properties and construct facilities as necessary. The District works in concert with the State of Florida (the State) and Agencies of the Federal Government to accomplish the previously described water management objectives.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements conform with generally accepted accounting principles for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the District has elected to apply only the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The more significant accounting policies are summarized in the following paragraphs.

(a) Reporting Entity

The District follows the standards promulgated by GASB Statement No. 14, The Financial Reporting Entity, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. Accordingly, these financial statements include all funds and account groups of the District, including trust fund assets held and invested for the District by the State of Florida. The District has not identified any component units and is not a participant in any joint venture.

The District is a component unit of the State of Florida. The State provides funding for District programs through the sale of State debt, the sharing of documentary stamp revenues, and the approval of various annual grants and entitlements.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Presentation: Fund Accounting

The accounts and financial statements are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The following fund types and account groups are used and summarized in the financial statements.

GOVERNMENTAL FUND TYPES

- General Fund
- Special Revenue Funds
- Capital Projects Funds

PROPRIETARY FUND TYPE

Proprietary funds account for activities that are similar to those often found in the private sector.

- The Internal Service Fund accounts for the District's self-insured risks related to general, automobile, and workers' compensation liabilities.

FIDUCIARY FUND TYPE

Fiduciary Funds account for financial resources in an agent or fiduciary capacity.

- The Nonexpendable Trust Fund accounts for a portion of wetlands mitigation permit fees collected by the District. These permit fees remain within the fund to generate investment earnings that are utilized solely for the perpetual maintenance of environmentally sensitive lands acquired by the District.

ACCOUNT GROUPS:

- General Fixed Assets Account Group
- General Long-Term Liabilities Account Group

(c) Measurement Focus

Governmental fund types are accounted for on a flow of current financial resources measurement focus. Their operating statements represent increases and decreases in net current assets. The resulting fund balance is considered a measure of expendable available financial resources.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The internal service fund and the nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. Their operating statements represent capital maintenance that measures increases and decreases in net total assets.

(d) Basis of Accounting

The governmental fund types use the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are ad valorem property taxes, interest on investments, and intergovernmental revenues.

Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The internal service fund and the nonexpendable trust fund use the accrual basis of accounting. Revenues are recognized when they are earned and measurable. Expenses are recognized at the time the liabilities are incurred.

(e) Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. The reported budgetary data represent the final amended budget as approved by the Governing Board. Budgets are adopted for all funds.

The Governing Board approved two supplemental budget appropriations during the fiscal year, resulting in a net increase in appropriations of \$51,078,686. The effect was to increase appropriations in the General Fund by \$652,809, in the Special Revenue Funds by \$1,807,895, in the Capital Projects Funds by \$47,846,026, and in the Internal Service Fund by \$771,956.

The Governing Board also approves budget transfers between divisions and capital projects during the year. Management applies a level of control at which expenditures may not exceed the budget at the major object level within a fund and division. The eight major object levels are personal services, contractual services, operating expenses, capital outlay – operating, capital outlay – construction, capital outlay – land, debt service and reserves. Division directors can approve line item overruns as long as the total major object budget within a fund and division is not exceeded.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following budget overexpenditures were noted at September 30, 2000:

- Operating expenditures exceeded the budget for Tax Collector and Property Appraiser Fees in the General Fund by \$1,756.
- Personal services expenditures exceeded the budget for Environmental Resource Regulation in the General Fund by \$7,451.
- Personal services expenditures exceeded the budget for Water Resource Operations Staff in the General Fund by \$13,339.
- Contractual services expenditures exceeded the budget for Corporate Resources Staff in the General Fund by \$8,967.
- Operating expenditures exceeded the budget for Corporate Resources Staff in the General Fund by \$6,649.
- Personal services expenditures exceeded the budget for Information Technology in the General Fund by \$4,897.
- Operating expenditures exceeded the budget for Tax Collector and Property Appraiser Fees in the Special Revenue – Okeechobee Basin Fund by \$863.
- Personal services expenditures exceeded the budget for Government Affairs, Communications and Branch Offices in the Special Revenue – Okeechobee Basin Fund by \$215,329.
- Operating expenditures exceeded the budget for Water Resource Management Staff in the Special Revenue – Okeechobee Basin Fund by \$219.
- Personal services expenditures exceeded the budget for Operations Controls in the Special Revenue – Okeechobee Basin Fund by \$6,449.
- Personal services expenditures exceeded the budget for Real Estate, Engineering and Construction in the Special Revenue – Save Our Rivers Fund by \$1,640.
- Operating expenditures exceeded the budget for Technical Services in the Special Revenue – Save Our Rivers Fund by \$11,420.
- Capital - operating expenditures exceeded the budget for Technical Services in the Special Revenue – Save Our Rivers Fund by \$19,699.
- Personal services expenditures exceeded the budget for Vegetation and Land Stewardship in the Special Revenue – Save Our Rivers Fund by \$4,980.
- Contractual services expenditures exceeded the budget for North Field Operations in the Special Revenue – Aquatic Plant Control Fund by \$482,445.
- Personal services expenditures exceeded the budget for Procurement in the Capital Projects - Everglades Trust Fund by \$642.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Contractual services expenditures exceeded the budget for Watershed Research and Planning in the Capital Projects – Florida Bay Fund by \$2,448,143.
- Contractual services expenditures exceeded the budget for Water Supply in the Capital Projects – Comprehensive Everglades Restoration Program Fund by \$1,512,231.

These overexpenditures were funded by available fund balance.

(f) Encumbrances

The District utilizes the encumbrance method of accounting. Under this system, commitments for the expenditure of resources are recorded in order to reserve that portion of the applicable budgetary appropriation. All appropriations lapse at year end. Encumbrances representing uncompleted contracts and purchase orders are recorded as a reservation of fund balance at year end and reappropriated in the ensuing year's budget.

(g) Cash and Investments

The District utilizes pooled cash accounting whereby excess monies are aggregated for investment purposes. Negative cash balances in individual funds are reported as interfund payables with offsetting receivables recorded in loaning fund(s). Cash includes currency on hand and demand deposits.

Florida Statutes authorize investments in (1) United States Treasury securities unconditionally guaranteed by the full faith and credit of the United States Government, (2) United States Agency Obligations, (3) repurchase agreements collateralized by United States Treasury securities perfected by a transfer of title of the underlying security, (4) general obligation bonds of any incorporated county, city, town, school district or road and bridge district located in the State of Florida, (5) insured or fully collateralized certificates of deposit of banks and savings and loan associations approved under Chapter 280, Florida Statutes, and (6) money market accounts which are invested in United States Treasury securities.

Investments in United States Treasury Securities and United States Agency Obligations are stated at fair value. Amounts reported in external investment pools are based on information provided by the State agencies that manage the investment pools:

- The Local Government Surplus Funds Trust Fund is a highly liquid investment pool available for investing temporarily idle cash by Florida governments and is managed by the State Board of Administration (SBA). In order to accommodate pool participants with readily available cash, a substantial portion of the portfolio is placed in short term securities. According to the SBA, the pool met the criteria to be considered as "2a-7 like", as defined by GASB Statement No. 31. Accordingly, the fund has been reported at the same value as the pool shares allocated to the District.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- The Water Management Lands Trust Fund and the Florida Preservation 2000 Trust Fund are investment pools for moneys received by the State on behalf of various State and local governments for the acquisition and/or management of environmentally sensitive lands (see Note 2j). The State Treasurer administers the investment of these trust funds until the participating governments request withdrawals for reimbursement of program costs from the Florida Department of Environmental Protection. The District's participation in this external investment pool is involuntary. The fund value has been calculated by multiplying a factor provided by the State Treasurer by the amount of the District's portion of the pool.

During the year the District did not directly invest any resources in derivatives. Investments made through State-administered trust funds include derivatives. These investments are made on a pooled basis and the individual risk to the District is unknown.

For purposes of the Statement of Cash Flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

(h) Inventory

Inventory is stated at average cost and consists of fuel, chemicals and supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed.

(i) General Fixed Assets

General fixed assets are those acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at historical cost in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including bridges, water control structures, canals and levees are capitalized along with other general fixed assets. Maintenance, repairs and minor renovations are not capitalized. No depreciation is provided on general fixed assets, nor has interest been capitalized during construction.

The acquisition of land and construction projects utilizing resources received from Federal and State agencies are capitalized in the General Fixed Assets Account Group when the related expenditure is incurred. Amounts expended by Federal agencies on projects related to District activities are included in revenue and expenditures although the District has no control over the projects or the expenditures of the Federal funds. Donated assets are recorded at their estimated fair market value on the date donated.

Expenditures that materially increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement, the cost is eliminated from the respective accounts.

(j) Land Trust Funds

Under Florida Statutes, the District is entitled to monies from the State of Florida which are allocated and appropriated to the Water Management Lands Trust Fund and the Florida Preservation 2000 Trust Fund. The Florida Department of Environmental Protection (DEP) acts as trustee of these trust funds. The purpose of these trust funds is to acquire environmentally endangered lands that are subject to approval by the DEP.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

It is the District's policy to recognize monies received through these State trust funds as intergovernmental revenues at the time monies are appropriated and allocated to the respective trust funds since the District is the only entity authorized to spend the funds. The District also accrues and recognizes interest revenues earned on these trust funds, which is allocated to the District. This method of revenue recognition reflects the District's legal entitlement under Florida Statutes to receive these monies.

The Water Management Lands Trust Fund was established in 1981 and primarily receives monies from a portion of the documentary stamp excise tax collected by the State which is allocated and appropriated to the District in accordance with Sections 373.59 (1) and (7), Florida Statutes. These revenues provide the security for the District's Special Obligation Land Acquisition Bonds (see Note 10). Monies are released from the trust fund for debt service, acquisition, management, maintenance and capital improvements as set forth in the District's five-year land acquisition plan. The District records activity of the Water Management Lands Trust Fund in the Save Our Rivers Special Revenue Fund and in the Save Our Rivers Capital Projects Fund.

The Florida Preservation 2000 Trust Fund was established in June 1991, and has provided the District with \$270.8 million plus interest of \$21.7 million from the issuance of State (not District) revenue bonds. Of the monies allocated for the purchase of statewide water management lands, such monies are in turn also allocated and appropriated to the District in accordance with Sections 373.59 (1) and (7), Florida Statutes. Monies are released from the trust fund for the purchase of water management lands and lands necessary to implement surface water improvement and management plans as set forth in the District's five-year land acquisition plan. The District records activity of the Florida Preservation 2000 Trust Fund in the Save Our Rivers Capital Projects Fund.

Under the terms of agreements between the District and the DEP, if the District does not spend its share of the monies in the Preservation 2000 Trust Fund within 33 months of receipt, the DEP may request reallocation of unspent funds. The District spent the first nine allocations within the required timeframes. The remaining balance of approximately \$5.2 million at September 30, 2000, received in April 2000, (plus subsequent interest earned) is required to be spent by January 2003. It is the opinion of management that the District will expend the funds within the designated timeframe since the District has included land purchases in its current five year capital improvement plan in the amount of \$65 million.

(k) SWIM Trust Fund

Under Florida Statutes, the District is entitled to a portion of the annual State appropriation for the Surface Water Improvement and Management (SWIM) program. These funds are deposited in the SWIM Trust Fund with the Florida DEP acting as trustee. The purpose of the trust fund is to provide reimbursement for a portion of the costs associated with detailed planning and implementation of programs to restore and protect designated priority water bodies. It is the District's policy to recognize revenue at the time monies are allocated to the trust fund since the District is the only entity authorized to spend the funds. This method of revenue recognition reflects the District's legal entitlement under Florida Statutes to receive those monies.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Compensated Absences

District employees are granted a specific number of vacation and sick leave days with pay. Non-management employees are permitted to accumulate a maximum of 360 hours (45 days) of vacation as of December 31. Managers are permitted to accumulate a maximum of 480 hours (60 days) of vacation as of December 31. Excess time is forfeited if not used within 30 days after the final payroll. Employees are reimbursed upon termination for a percentage of unused sick leave after at least 10 years of service. The costs of vacation and sick leave benefits (compensated absences) are budgeted and expended in the respective operating funds when payments are made to employees. However, the liability for all accrued and vested vacation and sick pay benefits plus sick leave benefits expected to become vested is recorded in the General Long-Term Liabilities Account Group for employees paid from governmental funds. Employees of the Internal Service Fund have this liability recorded in that fund.

(m) Fund Balances

Reservations of fund balance are reported to indicate a portion of fund balance that (1) is not appropriable for expenditure or (2) is legally segregated for a specific purpose. Designations of fund balance identify tentative plans for the future use of financial resources. The undesignated fund balance is available for future appropriation.

(n) Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate comparative financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Such data are not comparable to a consolidation since interfund eliminations have not been made in the aggregation of these data. Comparative total data for the prior year are presented in the accompanying combined financial statements in order to provide an understanding of changes in the District's overall financial position and operations.

(3) CASH AND INVESTMENTS

The District's investments are categorized to give an indication of the level of credit (not market) risk assumed by the District at September 30, 2000 based on various investment categories as to how securities are registered, insured or where held in custody. These credit risk categories are:

- (1) Insured or registered investments or securities held by the District or held by the District's agent in the District's name.
- (2) Uninsured or unregistered investments for which the securities are held by the counterparty or by its trust department or agent in the District's name.
- (3) Uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the District's name.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

(3) CASH AND INVESTMENTS (continued)

Cash and investments as of September 30, 2000 is composed of the following:

	Investment Category			
	(1)	(2)	(3)	Total
Investments Held by District:				
U.S. Agency Obligations	<u>\$151,847,700</u>	<u>\$ -</u>	<u>\$ -</u>	\$151,847,700
Investments in Local Government Surplus Funds Trust Fund				130,028,757
Investments Held by Trustees:				
Water Management Lands Trust Fund				41,340,659
Preservation 2000 Trust Fund				<u>5,176,753</u>
Total Investments				<u>328,393,869</u>
Cash Deposits:				
Money Market Accounts				6,030,869
SWIM Trust Fund				902,901
Demand Deposit Accounts (Float)				<u>(5,988,767)</u>
Total Cash Deposits				945,003
Petty Cash				<u>6,800</u>
Total Cash Deposits and Petty Cash				<u>951,803</u>
Total Cash and Investments				<u>\$329,345,672</u>

The money market account balance of \$6,030,869 was collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the District's name. The demand deposit account balance was \$754,377 according to the bank statements and was covered by Federal depository insurance or was insured through the State of Florida public depository collateral pool.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

(4) ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2000 consist of the following:

	General Fund	Special Revenue Funds	Capital Projects Funds	Internal Service Fund	Non- Expendable Trust	Total
FPL	\$ -	\$4,000,000	\$ -	\$ -	\$ -	\$4,000,000
Interest	519,607	804,233	1,329,356	61,779	43,025	2,758,000
Permits	-	69,079	-	-	29,831	98,910
Leases	7,338	142,959	16,000	-	-	166,297
Other	15,089	-	-	-	-	15,089
Allowance	-	(4,000,000)	-	-	-	(4,000,000)
	<u>\$542,034</u>	<u>\$1,016,271</u>	<u>\$1,345,356</u>	<u>\$61,779</u>	<u>\$72,856</u>	<u>\$3,038,296</u>

The receivable from FPL (Florida Power & Light Co.) represents amounts owed by the electric utility under contract with the District. The contract provides funding to respond to any water quality or other environmental effects that may occur when the utility constructs a power line through water conservation areas under the control of the District. An allowance for doubtful accounts has been recorded against this receivable until permit contingencies are resolved.

(5) INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables as of September 30, 2000 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$405,478	\$ -
Special Revenue Funds		
Okeechobee Basin	1,402,825	-
Department of Environmental Protection		
- Aquatic Plant Control	-	1,402,825
External Grants	-	405,478
	<u>\$1,808,303</u>	<u>\$1,808,303</u>

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

(6) PROPERTY TAXES

The District is permitted by Florida Statutes to levy taxes up to .800 mills per \$1,000 of assessed valuation. The rate levied for a majority of the District for fiscal year 2000 was .697 mills. Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for real and personal property located within the District. The assessed value at January 1, 1999, upon which the fiscal year 2000 levy was based, was approximately \$338 billion.

A four percent discount is allowed if the taxes are paid in November, with the discount declining by one percentage point each month thereafter. Taxes become delinquent April 1 of each year. Delinquent property tax certificates are sold to the public beginning June 1, at which time a lien attaches to the property. By fiscal year end, virtually all property taxes are collected either directly or through tax certificate sales. Property tax revenues are recorded by the District based on the amount of receipts reported by the county tax collectors. Property taxes receivable from the county tax collectors at September 30, 2000 and included in tax revenues are \$673,109.

(7) INTERGOVERNMENTAL TRANSACTIONS

Amounts due from other governments at September 30, 2000 and intergovernmental revenues for 2000 consist of the following:

	September 30, 2000 Due From Other Governments	2000 Intergovernmental Revenues
U.S. Army Corps of Engineers	\$392,569	\$15,227,598
U.S. Federal Emergency Management Agency	1,147,518	1,137,714
U.S. Department of the Interior	1,108,351	34,133,249
U.S. Environmental Protection Agency	145,662	200,832
Florida Department of Environmental Protection	4,732,445	51,133,679
Florida Department of Revenue		
Lake Belt Mitigation Fees	-	1,781,976
Florida Department of Transportation	-	2,000,000
Miami-Dade County	-	1,283,948
Martin County	1,625	1,846,716
Various Counties:		
Ad Valorem Taxes	673,109	-
Property Appraiser Fee Credits	109,735	-
Tax Collector Fee Credits	1,150,905	-
Other Governments	149,161	362,331
Total	\$9,611,080	\$109,108,043

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

(7) INTERGOVERNMENTAL TRANSACTIONS (continued)

Property appraiser and tax collector fee credits represent refunds of fees charged in advance for expenditures by the various county property appraisers and tax collectors. Florida Statutes require the refunding of any unexpended fees to the various local governments.

(8) GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance at October 1, 1999	Additions	Retirements	Adjustments/ Reclassifications	Balance at September 30, 2000
Land	\$803,921,800	\$59,888,743	\$ -	\$(18,800)	\$863,791,743
Buildings	38,486,986	3,544,582	-		42,031,568
Equipment	82,354,084	9,105,205	(5,753,765)	1,604	85,707,128
Improvements	11,161,396	256,316			11,417,712
Control Structures	437,422,678	37,563,748		(22,428)	474,963,998
In Process	124,735,166	20,856,935		(62,255,258)	83,336,843
	<u>\$1,498,082,110</u>	<u>\$131,215,529</u>	<u>\$(5,753,765)</u>	<u>\$(62,294,882)</u>	<u>\$1,561,248,992</u>

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000**

(9) DEFERRED REVENUE

	<u>Type of Revenue</u>	<u>Reason for Deferral</u>	<u>Amount</u>
<u>General Fund</u>	Intergovernmental	Pending review by other agencies	<u>\$3,078</u>
<u>Special Revenue Funds</u>			
Okeechobee Basin Fund	Intergovernmental	Pending review by other agencies	295,364
Big Cypress Basin Fund	Intergovernmental	Pending review by other agencies	1,035
Save Our Rivers Fund	Intergovernmental	Pending review by other agencies	716
State Appropriations Fund	Intergovernmental	Pending review by other agencies	342,031
Wetlands Mitigation Fund	Permit Fees	Pending settlement of permit contingencies	1,850,000
Everglades Restoration	Intergovernmental	Pending review by other agencies	<u>113</u>
		Total Special Revenue Funds	<u>2,489,259</u>
<u>Capital Projects Funds</u>			
Federal Emergency Management Agency Fund	Intergovernmental	Pending review by other agencies	226,584
Federal Land Acquisitions Fund	Intergovernmental	Pending land purchase	<u>31,505,311</u>
		Total Capital Projects Funds	<u>31,731,895</u>
Total Deferred Revenue			<u>\$34,224,232</u>

(10) GENERAL LONG-TERM LIABILITIES

The following is a summary of changes in general long-term liabilities for the fiscal year ended September 30, 2000:

	<u>Balance at October 1, 1999</u>	<u>Additions</u>	<u>Retirements And Adjustments</u>	<u>Balance at September 30, 2000</u>
Land Acquisition Bonds	\$79,880,000	\$ -	\$ (3,820,000)	\$76,060,000
Compensated Absences	12,770,000	560,000	-	13,330,000
Capital Leases	4,633,302	1,335,440	(1,448,065)	4,520,677
Bank Loans	17,873,237	10,000,000	(2,048,994)	25,824,243
Other Claims	16,139,000	-	(12,034,000)	4,105,000
	<u>\$131,295,539</u>	<u>\$11,895,440</u>	<u>\$ (19,351,059)</u>	<u>\$123,839,920</u>

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

(10) GENERAL LONG-TERM LIABILITIES (continued)

Condemnation proceedings are discussed further in Note 16.

Special Obligation Land Acquisition Bonds are issued by the District to provide funds for the acquisition of environmentally sensitive lands. Principal and interest on the Land Acquisition Bonds are secured by a lien on documentary stamp excise taxes collected statewide by the State of Florida and allocated to the State's five water management districts through the Water Management Lands Trust Fund as shown in Note 2 (j). The District accounts for debt service transactions in the Save Our Rivers Capital Projects Fund.

<u>Issue</u>	<u>Original Amount</u>	<u>Maturity</u>	<u>Rates</u>	<u>Remaining Balance</u>
1993 Refunding	\$36,260,000	2000-2015	4.50-5.25%	\$34,895,000
1995 Refunding	17,975,000	2000-2006	4.30-5.00%	12,765,000
1996 Acquisition	<u>35,000,000</u>	2000-2015	4.55-6.00%	<u>28,400,000</u>
	<u><u>\$89,235,000</u></u>			<u><u>\$76,060,000</u></u>

Fiscal year requirements to amortize bonded debt outstanding as of September 30, 2000 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$3,985,000	\$3,861,823	\$7,846,823
2002	4,160,000	3,677,680	7,837,680
2003	3,450,000	3,501,187	6,951,187
2004	3,610,000	3,334,198	6,944,198
2005	3,780,000	3,155,705	6,935,705
2006-2010	21,955,000	12,621,505	34,576,505
2011-2015	28,460,000	5,914,273	34,374,273
2016	<u>6,660,000</u>	<u>183,938</u>	<u>6,843,938</u>
	<u><u>\$76,060,000</u></u>	<u><u>\$36,250,309</u></u>	<u><u>\$112,310,309</u></u>

During previous fiscal years the District entered into agreements with commercial banks to provide long-term financing for various capital projects.

The first loan, in the amount of \$10,000,000, provided funding for various capital projects, including an Emergency Operations Center, a Field Operations Center, and a new Fort Myers Service Center. The District agreed to repay this loan over seven years with an interest rate of 3.37%.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
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(10) GENERAL LONG-TERM LIABILITIES (continued)

During fiscal year 1999 the District received a commercial bank loan in the amount of \$8,554,630. The proceeds from this loan were used to provide the District's share of a major land purchase with the federal government. The District agreed to repay this loan over seven years with an interest rate of 3.35%.

During fiscal year 2000 the District received a commercial bank loan in the amount of \$10,000,000. The proceeds from this loan will be used to finance the construction of a new building at the West Palm Beach headquarters. The District agreed to repay this loan over seven years with an interest rate of 4.99%.

Fiscal year requirements to amortize the bank loans as of September 30, 2000 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$3,353,606	\$1,004,407	\$4,358,013
2002	3,496,940	870,519	4,367,459
2003	3,517,465	732,912	4,250,377
2004	3,669,244	591,394	4,260,638
2005	5,317,771	418,647	5,736,418
2006	4,821,016	195,674	5,016,690
2007	<u>1,648,201</u>	<u>61,937</u>	<u>1,710,138</u>
	<u>\$25,824,243</u>	<u>\$3,875,490</u>	<u>\$29,699,733</u>

(11) OPERATING LEASES

The District is committed under various operating leases for building, office space and data processing equipment. Lease expenditures for the year ended September 30, 2000 amounted to \$1,052,524. Future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ending September 30</u>	<u>Minimum Lease Payments</u>
2001	\$835,723
2002	462,814
2003	315,582
2004	271,274
2005	<u>105,766</u>
	<u><u>\$1,991,159</u></u>

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
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(12) CAPITAL LEASES

The District has lease agreements that qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments in the general fixed asset account group as of the inception date of the lease.

The following is a schedule of the District's future minimum lease payments under the capital leases, and the present value of the net minimum lease payments as of September 30, 2000:

<u>Fiscal Year Ending September 30</u>	<u>Minimum Lease Payments</u>
2001	\$1,589,750
2002	1,435,152
2003	1,093,019
2004	746,843
2005	<u>77,795</u>
Total minimum lease payments	4,942,559
Less: Amount representing interest	<u>(421,882)</u>
Present value of future minimum lease payments	<u>\$4,520,677</u>

(13) RESERVED AND UNRESERVED FUND BALANCES

Reserved Fund Balances – Reservations of fund balance at September 30, 2000 consist of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Non- Expendable Trust Fund</u>
Encumbrances	\$10,549,806	\$34,603,573	\$96,020,049	\$ -
Facilities Construction	-	-	10,000,000	-
Mitigation				
Land Acquisition	-	4,127,504	-	-
Enhancement	-	5,185,239	-	-
Long-Term Management	-	-	-	4,285,798
Federal Programs				
Long-Term Management	<u>-</u>	<u>578,818</u>	<u>-</u>	<u>-</u>
	<u>\$10,549,806</u>	<u>\$44,495,134</u>	<u>\$106,020,049</u>	<u>\$4,285,798</u>

The reserves for mitigation represent funds set aside to acquire and restore wetlands. These reserves are accounted for in the Wetlands Mitigation Special Revenue Fund. These reserved amounts are legally required based on District regulatory permit conditions. The reserve for facilities construction represents the unencumbered portion of the loan proceeds for facilities construction discussed in Note 10.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
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(13) RESERVED AND UNRESERVED FUND BALANCES (continued)

Unreserved Fund Balances – Designated fund balances at September 30, 2000 consist of the following:

	General Fund	Special Revenue Funds	Capital Projects Funds
Subsequent Year's Expenditures	\$10,382,756	\$11,680,840	\$36,237,056
Economic Stabilization	4,612,000	4,946,000	-
Kissimmee River Restoration	-	4,640,000	-
Future Big Cypress Basin Capital Projects	-	2,000,000	4,000,000
Comprehensive Everglades Restoration Program (CERP)	5,000,000	-	25,000,000
	<u>\$19,994,756</u>	<u>\$23,266,840</u>	<u>\$65,237,056</u>

(14) DEFINED BENEFIT PENSION PLAN

Plan Description: The District contributes to the Florida Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida Division of Retirement. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida Legislature established the System under Chapter 121, Florida Statutes, and has sole authority to amend benefit provisions. Each year the System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Florida Department of Management Services, Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Funding Policy: The System is non-contributory for employees and the District is required to contribute an actuarially determined rate. During the fiscal year the rate was 9.4% of annual covered payroll. The contributions of the District are established and may be amended by the State Legislature. The District's contributions to the System for the years ending September 30, 2000, 1999, and 1998 were \$7,683,976, \$11,440,378, and \$12,792,887, respectively, equal to the required contributions for each year.

(15) INSURANCE ACTIVITIES

The District is exposed to the various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. In 1976 the District established a self-insurance program for its workers' compensation exposure. The District is totally self-insured for workers' compensation claims. In 1986 the District established a self-insurance program for automobile and general liability claims. The District's financial exposure for automobile and general liability is limited to \$100,000 per person and \$200,000 per occurrence pursuant to Section 768.28, Florida Statutes. The District transfers its risk for personal and real property through the purchase of an insurance policy. The coverage is written on a 100% replacement/stated value basis, with varying retentions. The District fully insures its liability for employee and retiree medical benefits. Settled claims have not exceeded the amount of commercial coverage or the legally defined liability limits in any of the past three fiscal years.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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(15) INSURANCE ACTIVITIES (continued)

The self-insurance program is accounted for in the Internal Service Fund. Expenses relating to insurance are charged to other funds based on a cost allocation study. These expenses include actuarial estimates utilizing the Casualty Actuarial Society Statement of Principles Regarding Property and Casualty Loss and Loss Adjustment Expense. The actuarial figures are utilized to determine the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses and for losses incurred but not reported (IBNR) at year end.

The total estimated liability as of September 30, 2000 is \$5,285,547 and is presented on a discounted basis using an expected investment yield of 5%. Changes in the Fund's claims liability amount for the current and prior fiscal years are summarized below:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
1999	\$3,487,490	\$2,140,396	\$1,026,242	\$4,601,644
2000	4,601,644	1,605,151	921,246	5,285,547

(16) COMMITMENTS – CONDEMNATION PROCEEDINGS

The District is party to numerous lengthy condemnation proceedings (as plaintiff) and inverse condemnation proceedings (as defendant or co-defendant) regarding the taking of private lands throughout the District for public use. The court may rule there was no taking of land by the District resulting in no commitment to the District. Where a taking is ruled, the court determines the value of the land claimed by the owner and payment is made to the owner upon transfer of title to the District.

At September 30, 2000 the court has yet to rule on a number of proceedings for which the land value and title transfer date is undetermined. The District's estimated future commitment for the purchase price of these lands (including attorneys' fees, interest, and other costs) is approximately \$51.7.million.

Should the court rule there is no taking of land or that the value of the land claimed by the owners is lower than the amounts claimed, the estimated future purchase commitment will vary. When the court rules there is a taking, the District will budget and appropriate funds to pay for the purchase of the land.

(17) MAJOR CONSTRUCTION COMMITMENTS

The **Everglades Construction Project** (ECP) is the first major step in Everglades restoration pursuant to the Everglades Forever Act of 1994. The Act directs the District to acquire land, design, permit, and construct a series of Stormwater Treatment Areas (STAs) to reduce phosphorus levels from stormwater runoff and other sources before it enters the Everglades Protection Area. These six large constructed wetlands, totaling over 47,000 acres, are the cornerstone of the ECP.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
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(17) MAJOR CONSTRUCTION COMMITMENTS (continued)

Of the estimated \$768 million cost, the District has expended \$377 million on the Everglades Construction Project through fiscal year 2000. The District is required to finish construction of the final STA by October 1, 2003 and other ancillary projects will continue through fiscal year 2006. Funding is mainly provided by a one-tenth mill tax levy, and an agricultural privilege tax on landowners in the Everglades Agricultural Area.

A **New Administrative Office Building** (B-2 Building) will be constructed at the District's main campus in West Palm Beach beginning in fiscal year 2001. The building is estimated to cost \$13 million and is scheduled to be completed in fiscal year 2002.

(18) COMPREHENSIVE EVERGLADES RESTORATION PLAN

The **Comprehensive Everglades Restoration Plan** (CERP) is the plan for the restoration, protection, and preservation of the water resources of central and southern Florida, including the Everglades. Principal features of the plan are the creation of approximately 217,000 acres of new reservoirs and wetlands-based water treatment areas. These features vastly increase storage and water supply for the natural system, as well as for urban and agricultural needs. The CERP is intended to restore a more natural flow of water, improve water quality and restore a more natural hydroperiod in the South Florida ecosystem.

Through the Water Resources Development Act of 2000, Congress has authorized an initial \$1.4 billion package of projects that will begin implementation of the Comprehensive Plan. The initial authorization includes (1) four pilot projects, (2) ten specific project features, and (3) a programmatic authority through which smaller projects can be more quickly implemented. Authorization for the remaining features of the Plan will be requested in subsequent Water Resources Development Act proposals beginning in 2002.

Implementation of the Comprehensive Everglades Restoration Plan is estimated to cost \$7.8 billion, half of which will be paid by the federal government. The State of Florida and the South Florida Water Management District will each provide approximately one fourth of the total cost.

(19) SUBSEQUENT EVENT

In October 2000 the District closed on a major land purchase (Berry Groves) at a cost of approximately \$66 million, including closing costs. Of this amount, \$31.5 million was received in June 2000 and was recorded as deferred revenue in the Capital Project Fund – Federal Land Acquisitions. The purchase was funded by the U.S. Department of the Interior and the Florida Preservation 2000 Trust Fund. The property will be used for construction of an above-ground storage reservoir with an approximate capacity of 80,000 acre-feet.

(20) OTHER COMMITMENTS AND CONTINGENCIES

The District participates in several federal and state assistance programs that are subject to financial and program compliance audits. Such audits could lead to reimbursements to the grantor agency for disallowed expenditures. However, management believes such disallowances, if any, will be immaterial.